

Management accountancy and the changing face of the finance function.

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There has never been a better time to be a management accountant. As global business competition continues to develop at an increasingly rapid pace, finance professionals who are equipped with both accountancy and managerial skills are gaining growing recognition as key players in the drive to add value to core business functions.

It could be argued that high performing companies usually have high performing finance functions. Although this theory has not been proven with academic rigour, the correlation is clear and surveys by leading consulting organisations have supported this view. Research has shown that leading companies appear to have empowered finance functions which help to improve the decision making process and overall financial performance.

If you follow this argument, it could be said that decision making is becoming the basis of competitive advantage and value creation. If markets give all organisations access to similar resources globally and competition causes many routine business processes to converge on world-class standards, then the quality of decision-making could become the key differentiator.

The emphasis, therefore, is on companies to transform their finance functions to meet the demands for both greater cost-effectiveness and to provide a constructive contribution to the strategic decision-making process. In the same way, it could also be argued that any company which doesn't transform its finance function in this way risks putting itself at a competitive disadvantage.

One of the main factors in the emergence of this new demand for more versatile finance professionals is the growth of shared service centres and business process outsourcing facilities. Some of the most dynamic businesses now have shared service centres, whether in-house or outsourced, onshore or offshore.

Shared service centres were introduced to achieve cost savings in routine activities (for example transaction processing and standard reporting) but they also allow the implementation of uniform systems and streamlined processes. Some organisations are now looking for further efficiency gains in business processes and for their shared service centres to expand their capabilities to provide higher value services.

A growing number of businesses are also looking to achieve a more rapid step change by harnessing expertise, for example in systems implementation and business process improvement. These services are now increasingly being provided offshore through business process outsourcing providers. Even five years ago, many businesses underestimated the impact of globalisation and in particular the impact of technology and cheaper telecommunications on business. Today geography is history.

Global competition to drive shareholder value by improving margins, fine-tuning organisational control and developing risk management strategies is leading companies to view business process outsourcing less as an opportunity for cost reduction and more as an opportunity for complete business transformation.

Nowadays, practices such as outsourcing, off-shoring, business partnering and a variety of innovative collaborative relationships are stretching and blurring the traditional organisational boundaries. Companies can now plug into the skill sets most able to deliver the best results, whether it's technology, expertise or infrastructure - and whether they're based in China, India or Europe. What's more, lower cost no longer means lower quality.

CIMA has developed the business process outsourcing debate by taking a look at the growing trend for leading firms to move beyond finance-based outsourcing towards the more sophisticated role of knowledge process outsourcing. Companies that use business process outsourcing effectively, whether as a client or provider, can gain competitive advantage.

This is where the benefits of knowledge process outsourcing come into play. The advantage of business process outsourcing that it can free-up management time to drive shareholder value – the true role of the chartered management accountant. CIMA members are now being given the opportunity to play a key role in the decision-making process, from strategy formulation and implementation, right through to impact.

While business process outsourcing is not a universal remedy, cutting edge organisations are using selective, well-executed and well-managed providers to drive finance efficiencies and enable finance professionals to focus on business partnering and financial leadership. According to Rick Sturge, CIMA's director of employer and strategic development, the evolution of business process outsourcing is boosting the demand for the skills of management accountants around the world. "Technology is enabling accounting processes to be undertaken remotely from the business and is also removing the need for people to undertake many of the traditional transactional activities leading to more focus on analytics and business decision support," he says.

For CIMA members, it's a win-win situation. "Globalisation drives the need for consistent skill, application and quality across different countries," Sturge continues. "In outsourcing

arrangements, the retained finance function is freed to focus on driving the business and creating value by contributing to the decision-making process, while the outsourcer is progressively being asked to provide more value creation skills within the service delivery team. Both of these are creating more need for CIMA skills.”

Given the shortage of CIMA-qualified finance professionals in many parts of the world, opportunities for CIMA members and students have never been stronger. As an internationally recognised qualification, CIMA students study exactly the same syllabus and take exactly the same exams whatever part of the world they live in, making the qualification truly global.

Employers can be assured that a CIMA-trained finance professionals will have attained the same level of knowledge, wherever they have studied. This means that CIMA members have an international passport to work. The CIMA qualification is designed to be relevant anywhere in the world and the institute maintains that it’s the only international, professional qualification with a syllabus that has a sole focus on the education and training of management accountants in the business environment.

The strategic and decision-making skills developed through the CIMA syllabus also provide members with many more career options than other accountancy qualifications. CIMA members can be found in a wide range of positions outside the finance function from management consulting to business analysis, human resource management, marketing, operations management, risk assessment and project management.

The CIMA qualification is very flexible and the entry level Certificate in Business Accounting is used by many organisations around the world as a common entry point for new finance employees before they move on to the professional components of the training. CIMA revises its syllabus every four years following comprehensive consultation and research with employers worldwide. This ensures that the syllabus reflects the current needs of the global business economy. All of its content is international in scope and the structure has been carefully considered to reflect the importance of both examinations and practical working experience.

Membership of CIMA is also a career-long commitment to stringent professional standards and adherence to an international code of ethics - two increasingly important factors in world markets. In this period of growing economic instability, it’s vital that organisations employ finance professionals who can underpin organisational stability and ensure adherence to corporate governance. CIMA is recognised for its world class expertise in developing the financial and management skills needed for finance professionals to operate with confidence and integrity in the global marketplace.

The institute’s professional standards and ethical codes provide employers with reassurance that its members are committed to the highest levels of integrity and conduct. Now more than ever

it's vital for accountants to wear a professional badge – the badge of their professional body – and receive the support they need to be fully competent in the ever-changing business environment.

CIMA's core strength lies in providing a gold standard in the qualification and support of management accountants. It is committed to upholding the highest ethical and professional standards and to maintaining public confidence in management accountancy. To ensure that this commitment is upheld, CIMA emphasises the importance of its continuing professional development (CPD) policy. Members are required to evaluate their career development on an annual basis and ensure that they keep up-to-date with key regulatory and professional developments.

CIMA offers an output-based CPD policy which the institute feels is more user-friendly and productive. Unlike input-based schemes that require members to count hours or units for their development, CIMA Professional Development allows members to concentrate on the learning activities relevant to them. This allows our diverse membership to fully benefit by selecting development activities that are truly relevant to themselves.

This form of continuing professional development has a number of advantages. It enables members to show their professional competence and ethical awareness which, in turn, enhances their employability. The emphasis on continuous improvement and the importance of taking advantage of change also give members a competitive edge in the employment market place.

CIMA's first duty is to its students and members. But the institute is also committed to developing business excellence in management accountancy. CIMA's intellectual strategy focuses on helping its members improve the way that their organisations are run. It achieves this through a variety of activities which promote and develop the science of management accounting.

CIMA is currently working with the World Bank to develop management accountancy practices in developing countries. At the end of last year the institute became the first chartered accountancy body to offer a global qualification in Islamic finance. Other recent developments have included the launch of a Chinese language website, the introduction of Excellence in Leadership, a series of quarterly reports and related conferences designed to focus on core strategic and business issues for business leaders and the opening of a research centre which will develop ways of helping finance professionals maximise the value they add to organisations.

There may be challenging times ahead but employers around the world can be assured that CIMA-qualified finance professionals are equipped with the right tools to help them weather the storm. With the continuing support of the institute and its growing reputation as the leading

body for management accountancy, CIMA members are in a better situation than ever before to become the business leaders of the future.

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